



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

DEPARTMENT OF ECONOMICS, MARKETING AND ENTREPRENEURSHIP

EXAMINATION PAPER

COURSE CODE : CMA406
COURSE TITLE : RELATIONSHIP MARKETING
SPECIAL REQUIREMENTS :
DURATION : 3 Hours
LEVEL : 4.2
DATE : 12 JUN 2024

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue
2. Answer question 1 and any other 3.
3. Begin each question on a new page.
4. The number of marks for each question or part question is shown in brackets []

CASE STUDY OF NIKE

Nike uses a mix of relationship and relationship marketing. Nike as a global brand is in the maturity phase of the product life cycle. At this level, relationship marketing aiming at customer retention and loyalty is most suitable. On the other hand, Nike constantly released new products. New products are by nature in the introduction phase of the product life cycle. In this phase transaction marketing is most suitable (Gummesson, 2008).

According to the company's homepage, the focus of Nike retailers around the world is on execution, product presentation and service. Moreover the homepage states that "it's not about transactions, it's about connections" (Nikeinc.com). This statement underlines Nikes relationship marketing orientation. On the other hand Nikes uses mass marketing through standardized worldwide advertising campaigns. Mass marketing is indirect, impersonal and one-way (Gummesson, 2008) and therefore can be seen as a form of transaction marketing.

Co-founder and chairman Phil Knight delineates Nike as a marketing orientated company and states that marketing their products is the company's core competency (Willigan, 1992). Due to the company's marketing activities and product innovations, Nike holds a strong market position in most of its product segments which are Clothing, footwear, sportswear and accessories (Datamonitor, 2011). Nikes marketing activities are mainly revolved around the sponsorship of athletes and athlete's teams and using top sportsmen as brand endorser. In line with the mission statement, Nikes key target group are athletes. Other than sportsmen, Nike targets the youth that have embraced the Hip Hop culture

One of Nikes major strengths is its strong brand equity (Datamonitor, 2011). Nike is an expert in brand building, the catch phrase "Just do it" has become more of an idiom than an advertising slogan (Willigan, 1992). In 2011, Nikes brand equity was valued at \$14,528 million, which makes the brand the 25th most valuable brand worldwide (Datamonitor, 2011). A look at the scope of duties of the different departments of Nike reveals that a central part of Nikes global marketing activities is telling a story about the Nike brand (Nikeinc.com, 2012). An authentic brand story helps to distinguish a brand from its competitors and brings the brand to life (Van de Wiel, 2009). Nike emphasis their employers from the brand management department to the retail staff to tell customers the story about Nike. The objective is to make to customer want to become part of the

story, which of course can only be achieved by buying Nike products. Moreover Nikes extensive use of celebrity endorsement has helped to establish a strong brand identity and brand personality (Roll, 2012). According to urbandictionary.com, a Nike head is “a person that is very much dedicated to wearing Nike sneaker” (urbandictionary.com, 2012). The fact that a special slang term evolved for its die hard customers underpins Nikes strong brand.

Involvement in a marketing sense is the relevance a person attaches to a certain product or brand, based on their needs, values and interests (Solomon, 2010). Relationship Marketing could be difficult to apply for low-risk, low involvement products, since in that area a relationship with the supplier can often hardly add a value to the customer. Relationship marketing is most qualified for high involvement products (Godson, 2011). The involvement with clothing is dependent on the degree to which the costumer uses clothing as a means of self-expression (Michaelidou, 2006). A sizeable proportion of Nike customers use the company’s products as a means of self-expression and to be accepted within their peer groups; hence the involvement with Nike products is high.

Question 1

- a) Explain the relationship marketing strategies being utilized by Nike in order to gain sustainable competitive advantage **[10 marks]**
- b) Suggest strategies which can be used by Nike to terminate its relationship with unprofitable customers **[15 marks]**

Question 2

“The business graveyard is full of people who did not practice proper Customer Relationship Management (CRM) ”, Substantiate and show the validity of this statement. **[25 marks]**

Question 3

Outline using relevant examples the key capabilities provided by the use of a CRM system. **[25marks]**

Question 4

Discuss (5) factors that influence the success of relationship management strategies. **[25 marks]**

Question 5

Examine the impact of Kotler’s six (6) player’s model in the external environment to an organisation of your choice. **[25 marks]**

5/9 (am)